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WEEKLY REPORT



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THE SITUATION IN SOUTH VIETNAM

14 July 1965

**INTELLIGENCE AND REPORTING SUBCOMMITTEE OF THE INTERAGENCY
VIETNAM COORDINATING COMMITTEE**

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THE SITUATION IN SOUTH VIETNAM

(8 July - 14 July 1965)

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(The Weekly Report on the Situation in South Vietnam is based on contributions from CIA, DIA, and INR; it is edited and published by CIA without final coordination. A fully coordinated Monthly Report is disseminated on the first Friday of every month.)

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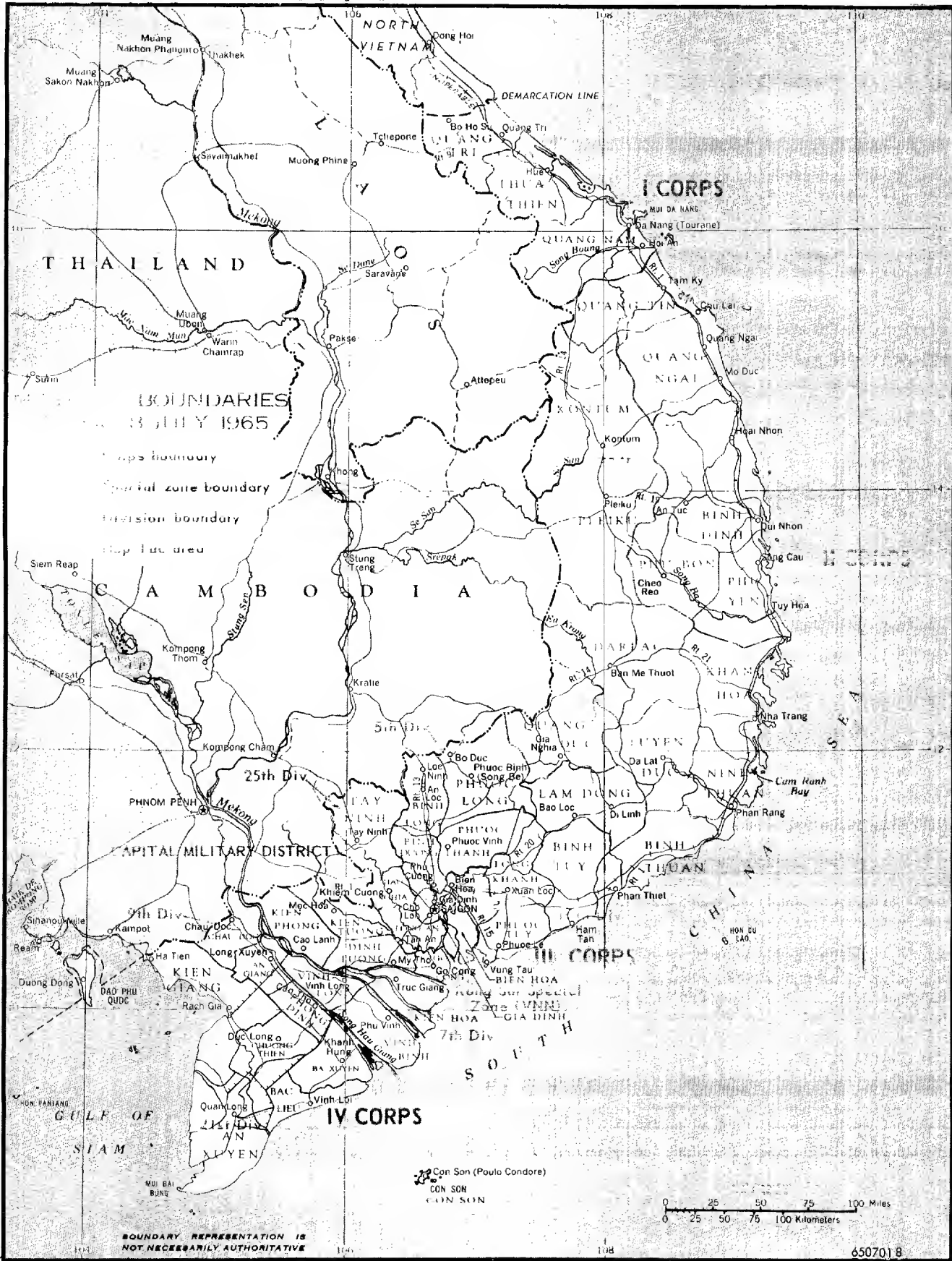
THE WEEK IN PERSPECTIVE

The political scene in South Vietnam continues relatively calm as the Ky government proceeds with various economic austerity measures and with both carrot and stick policies to try to boost military manpower. During the past week, Defense Minister General Co was concurrently named chief of the Joint General Staff, relegating former chief General "Little" Minh to probable retirement. Planning also proceeded for greater delegation of authority to the military corps commanders. The new government continues to enjoy an absence of open criticism, except from the Viet Cong, but it may face new pressures from Catholics on the subject of imprisoned Diem officials or from militant Buddhists in Hue who may increasingly compete for influence over youth groups.

This period has again seen no real improvement in the overall military situation, except for the buildup in US forces. The initiative and momentum of military operations continue in favor of the Viet Cong. The impact of VC operations is being felt not only by the RVNAF but by the nation's internal economy as well. Nothing this week points to the RVN wresting the initiative from the Viet Cong.

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I. SITUATION WITHIN SOUTH VIETNAM

A. POLITICAL SITUATION

1. The political situation remains devoid of any major new developments as the government continues to take gradual steps to impose its austerity measures and its stepped-up mobilization of the country's resources.

In the economic field, the Ky government moved increasingly into the rice retail market, with announcements that it was instituting rice rationing in Saigon--apparently against hoarding--and was setting prices about one-third below levels of the past month. The organization of student groups to check prices and stocks in major cities was begun, and there were unconfirmed reports from northern towns of youth groups apparently confiscating goods for possible sale under official or student auspices. Premier Ky also announced that he was seeking authority for higher taxes on luxury imports.

2. In a major speech on 7 July, Ky announced that the government was raising the pay of enlisted men below the rank of sergeant in the regular and paramilitary services, while the premier and other top officials would take a 50 percent cut in salary. In other steps to boost military manpower and reduce desertions, the government began to tighten the enforcement of conscription laws and promised to transfer some troops to areas nearer their homes.

3. Early this week, Premier Ky and Chief of State General Thieu conducted another joint provincial tour, this one into the delta provinces south of Saigon. They publicly repeated previous statements that any early elections to convene a national assembly were out of the question due to the present insecurity and indicated that an early return to civilian rule was unlikely while there was a danger of a Communist political takeover.

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4. During the tour, General Thieu also made references to the theme raised last week by Ky of forming a movement to "liberate the North." Government sources indicate that the theme will also be publicized at a major government "unity" rally in Saigon planned for the anniversary of the 1954 Geneva accords on 20 July. Similar themes highlighted last year's celebration under General Khanh. There is still no evidence of actual steps being taken to create any "liberation movement." Government spokesmen imply that the military regard the theme as raising the morale of and giving direction to both the armed forces and refugee elements in the South, and is not necessarily incompatible with the government's struggle against aggression from the North.

5. On 13 July, the government formalized the appointment of General Nguyen Huu Co, the new defense minister, as chief of the Joint General Staff in place of General Tran Van "Little" Minh whose status and title had been obscure for the past several weeks. According to [REDACTED] the military are also still considering their plans to decentralize authority below Saigon. One plan reportedly calls for the creation of administrative cabinets at the military corps levels paralleling the cabinet in Saigon except for such areas as foreign affairs.

6. A field-grade officer has reported that Premier Ky intends to maintain personal control of the new youth movements, which are expected to play a major role for the government and which thereby could be exploited by political groups or self-seeking officials. Allegedly, Ky suspects psychological warfare minister Dinh Trinh Chinh "and his clique" of desiring to gain control over the youth movement.

A further suggestion of some differences of opinion in the government developed in a conversation between the new labor minister and the US labor attache. The new minister, Nguyen Xuan Phong, referred to "intolerable bickering" among

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the country's labor leaders, the danger of monopoly power by any single union--presumably the CVT--and the need to mobilize labor in the war effort. Phong implied that all of these views were not necessarily his own, that he personally felt that the CVT was the most responsible and best organized union, and that certain other union leaders with political backing but little effective organization should be quietly neutralized."

7. The Ky government continues to enjoy an absence of open criticism, except by Viet Cong propaganda organs which are particularly violent in their references to the premier himself. The public attitude, however, continues to be largely one of "wait-and-see." The currently acknowledged Catholic leader in the northern city of Hue, Father Nguyen Van Thuan, has privately urged the US to press the military government to bring to early trial the still imprisoned Can Lao party members of the former Diem regime. He claimed that their detention without trial was having a demoralizing effect on many former Can Lao officials. About 8,000 such officials, he said, are still entrenched in the provincial civil service in I Corps, and could not be replaced without seriously crippling the anti-Communist effort.

8. There are also signs in Hue that radical, Buddhist-oriented politicians and educators may be on the point of further increasing their control over Hue University. Since the central Vietnamese Buddhists under Tri Quang are those currently showing the greatest skepticism toward the new government, their inroads in the university could affect Ky's plans of relying heavily on "revolutionary" youth in bringing about the drastic changes envisioned by his government.

9. Press comment in Saigon has been generally favorable to the reappointment of Ambassador Lodge to replace Ambassador Taylor, but pro-Buddhist papers are noticeably more enthusiastic than Catholic ones or political party organs.

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Ngay Nay, a paper considered to be a mouthpiece of the Tri Quang Buddhist faction, commented that the appointment would strengthen US policy toward Vietnam, either in difficult diplomatic negotiations or in destroying the Communist offensive. It added that whatever happens, the Vietnamese people should oppose concessions to the Communists and disown anyone "selling" the nation. A northern Catholic refugee daily, Xay Dung, voiced some suspicion that Lodge's appointment might signal a decision by the US to opt for a political solution, and a political paper urged Lodge to issue a clear-cut statement to dispel such suspicions.

Economic Situation

10. The power shortage in the Saigon/Cholon area, due to earlier sabotage of the transmission line from Da Nhim, is now reaching critical proportions. Moreover, increased reliance on local thermal plants and Viet Cong sabotage of transportation has also caused a serious reduction in local stocks of coal. The US mission has been attempting to obtain additional emergency generating capacity, citing the vulnerability to sabotage of other generating plants in the area and the relationship of the power shortage to the security of the Saigon/Cholon area. Every effort is also being made to speed completion of the Thu Duc thermal plant, which is slated to begin furnishing power to Saigon by the beginning of 1966.

11. GVN anti-speculation measures caused a favorable economic reaction in Saigon during the last week. Prices of several key commodities declined as the result of stiff government penalties against two salt merchants and the operation of student vigilante groups against rice merchants.

12. Rice wholesalers can now sell only to the GVN a measure which has increased government stocks in Saigon. The GVN is indirectly rationing

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present supplies by releasing rice to retailers in small lots. It is doubtful, however, that these measures have improved the basic supply problems.

Distribution of rice north of Saigon and collection of salt from the same area continue to be disrupted by internal transport difficulties.

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B. MILITARY SITUATION

1. There was no apparent improvement in the overall military situation during the past week. Six search-and-destroy operations achieved varied degrees of success; all were well organized and executed. Reaction operations by RVN units continued to show lack of aggressiveness, inadequate security precautions, and poor coordination.

2. Aside from one large-scale engagement in each of the I, II, and III Corps, the Viet Cong continued their usual pattern of terrorist acts and harassment of small forces and installations. Harassment took a heavy toll of Popular Force units, particularly in the vicinity of Saigon. The major Viet Cong effort was still on district towns; there was also increased pressure against II Corps and the northern part of III Corps. In two widely separated ambushes in II and III Corps, the Viet Cong effectively attacked battalion-size ARVN forces. The worst of these, an ambush of an ARVN reaction force in Binh Duong Province, almost annihilated a battalion of the 9th Regiment.

Lines of communications continue to be cut or harassed into disuse. As of 10 July, Route 1 was blocked in southern Quang Ngai and in Binh Dinh, Phu Yen, and Binh Yuy provinces. The highlands remain isolated with Routes 7, 14, 19, and 20 impassable to civilian and military traffic. With the exception of provincial Route 2 in Phuoc Tuy and provincial Route 1 in Binh Duong and Phuoc Long provinces, III Corps roads are considered to be open but subject to interdiction at any time. The railroad is operable from Dalat to Phan Rang to Nha Trang, and between Da Nang and Hue. Each of these sections, however, was closed for a time during the week because of sabotage.

3. Air operations continued to be the greatest single factor in friendly successes as the monsoon season thus far has proved to be less of

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a limiting factor to close air support and air activity than expected.

4. The number of South Vietnamese military operations of battalion-size or larger conducted last week declined for the second consecutive week. Operations declined from 73 to 63 (1 US) of which 28 (1 US) resulted in one or more contacts with the Viet Cong. Although the large-unit operations and resultant Viet Cong contacts decreased, there was a sharp increase in the duration of these operations. An important search-and-destroy operation was conducted in War Zone "D", III Corps, during the week by US, RVN, and Australian units. During the operation seven Viet Cong villages were destroyed while 38 weapons, 10 tons of rice, miscellaneous foodstuff and other supplies were captured. The US airborne forces encountered strong Viet Cong resistance and casualties on both sides were relatively high. Ten US were KIA and 46 WIA, while the VC suffered 51 KIA by body count. Over 150 VC were estimated to have been carried away. Twenty-eight VC were captured.

5. Overall government casualties for the week were reported as 882 (284 KIA) compared to 1,076 (264 KIA) last week. Viet Cong casualties decreased to 913 (741 KIA) from 976 (881 KIA) of the preceding week. The RVN lost 922 weapons compared to 554 last week, while VC losses during the same period were 195 versus 213.

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C. RURAL RECONSTRUCTION

1. A combination of deteriorating security conditions in some areas of the country and the conscription of about fifty percent of the trained GVN health workers has seriously affected the rural health program, forcing a retrenchment of activities from the village and hamlet levels to the district and provincial levels. USOM now plans to concentrate on putting hospital support and direct health care personnel in the field rather than advisory personnel as in the past. This approach will require stepped up recruitment of medical technicians and physicians.

2. Population and resources control activities in the Saigon/Cholon area during the past week resulted in 678 arrests--draft dodgers, illegal travellers, and others--an increase over the 415 reported the previous week. Arrests made in the Hop Tac area also rose. Sixteen Viet Cong, 436 draft dodgers, and 1,092 illegal residents were apprehended in the area.

3. Chieu Hoi officials report that persons returning to government control between 4-11 July numbered only 834 as compared to last week's total of 1,482. The largest drop was in the number of civilian refugees. The total of military returnees was 181, nine less than last week, while the number of political cadres defecting from the Viet Cong rose from 28 last week to 45.

4. To develop a more meaningful program in psychological warfare, a seven-week course for political warfare instructors was started on 10 July. This is part of a long-range RVNAF indoctrination program which covers a new political warfare ideology of "responsibility, honor, and country." A new booklet, explaining these concepts in simple terms, is being readied for the troops

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5. The Psychological Warfare Department of the Political Warfare Directorate started a suggestion awards program which rewards individuals and units for suggesting ways to accomplish assigned tasks. The department also established a series of awards for individuals and units for feats of arms. In the latter, rewards will be paid individuals or units which excel in combat by capturing weapons, taking prisoners, or inflicting heavy losses on the Viet Cong.

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II. THIRD COUNTRY DEVELOPMENTS

A. BANDUNG 11

Foreign Minister Tran Van Do told an embassy official that the time might be opportune for moderate nations to take the offensive concerning the Afro-Asian conference. (The conference, originally scheduled for 29 June at Algiers, is now slated for 5 November). Do suggested that the moderates emphasize that the Algerians, Indonesians, Chinese Communists, and others had betrayed the "spirit of Bandung" in seeking to exclude South Vietnam and South Korea. Do also suggested that the conference site be shifted from Algiers to a country which would be impartial toward conference arrangements and invitations to participate; he mentioned New Delhi as a possible site. If the US agreed, Do indicated that the GVN would issue a statement along these lines. He felt this would have the support of the Philippines and Japan and would be well received by the majority of African nations.

B. FREE WORLD ASSISTANCE

1. PHILIPPINES

The second special session of the Philippine Congress adjourned on 12 July without President Macapagal's recertification of the administration's bill for aid to South Vietnam. Macapagal indicated to Ambassador Blair that if he won the November election he would call a special session in mid-November and recertify the bill. In the meantime, Secretary of Defense Peralta has told an American observer that Macapagal intends to expand the medical and civic action/psywar teams already in Vietnam, using the authority given the administration by the Congress last year. Another report, however, indicated that Peralta left the impression that the finances for such an expansion should come from the US.

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2. REPUBLIC OF KOREA

The ROK National Assembly is scheduled to discuss during the current session the administration's plan to send a combat division to South Vietnam. In the meantime, the United States on 9 July pledged to provide Korea with full equipment for three reserve divisions and to improve the mobility, firepower, and communications of 17 active divisions and marine units.

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III. DEVELOPMENTS IN THE BLOC

A. DAVIES MISSION TO HANOI

1. The six day visit to Hanoi by left wing British Parliamentarian Harold Davies "to try and get a dialogue started" on negotiations for a Vietnamese settlement was unsuccessful. Davies had previously traveled to North Vietnam in 1957 and considers himself an expert on the Far East, but he failed to meet any important DRV officials.

In announcing his arrival on 8 July, Hanoi made it plain that his visit did not represent DRV governmental acceptance of an official representative of the UK. Radio Hanoi on 9 July stated that Davies' trip "was at his own request" and that rumors associating his trip with eventual acceptance of Commonwealth Peace Mission were "entirely groundless and ill intentioned." For the most part Davies was ignored by DRV propaganda during his visit. So far as is known, he met only with representatives of the Fatherland Front, a leading North Vietnamese mass propaganda organization.

B. INTERVENTION

1. The Viet Cong's Liberation Front on 10 July again warned that if the US continues its troop buildup the Front will "reserve for itself the right--when it deems it necessary--to call on the armed forces of North Vietnam and friendly countries to volunteer to go to South Vietnam." The Communists probably believe they have now laid the propaganda groundwork to announce that "volunteers" have been sent to South Vietnam. Bloc pledges of "volunteers," however, still continue to contain the contingent clause "when requested" or "when necessary."

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C. MILITARY

1. A new airfield is apparently under construction in the central DRV, approximately 25 miles northwest of Thanh Hoa. Preliminary analysis of photography indicates that the probable runway area is 6,600 x 200 feet, a size capable of supporting jet fighter operations.

2. Two US Air Force F4Cs firing Sidewinder air-to-air missiles shot down two Communist MIGs on 10 July. The F4Cs were flying cover for an F-105 strike against an ordnance ammunition depot about 65 miles northwest of Hanoi. Five MIGs have now been shot down by US aircraft in the Vietnam conflict.

D. ASSISTANCE AGREEMENTS

1. Both Peiping and Moscow announced the signing of new supplemental assistance agreements with North Vietnam this week, but the details were not spelled out. The agreements were signed by Vice Premier Le Thang Nghi, head of the DRV economic delegation which has visited a number of bloc capitals during the past few weeks. The DRV-USSR agreement covered both military and economic aid, while the pact with China was announced as covering only the economic field. Other agreements, for the most part in the economic field, were signed with Poland, East Germany, Hungary, and Bulgaria during Nghi's trip. The delegation is currently in Pyongyang where a similar agreement will probably be made.

2. Hanoi this week dispatched a high level National Assembly mission headed by Vice Premier Hoang Van Hoan to Communist China, the USSR, Mongolia, and North Korea. Hoan, an able and experienced diplomat, has made several trips to major Communist bloc countries. This delegation probably will attempt to encourage coordination and perhaps a step-up of Soviet and Chinese Communist materiel and moral support for the DRV. A North Vietnamese editorial issued in connection with the mission called for greater socialist "unity" in "our revolutionary struggle."

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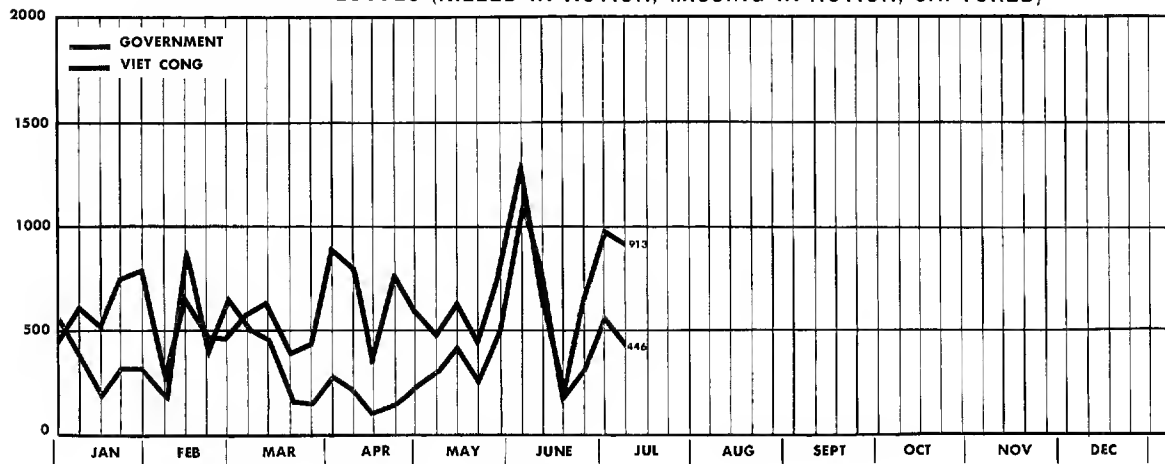
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SOUTH VIETNAM BATTLE STATISTICS, 1965

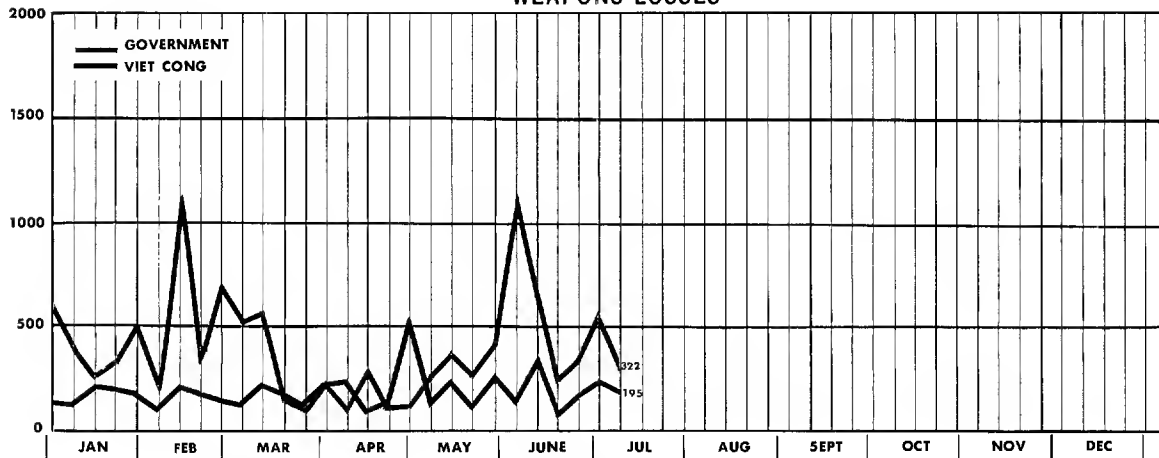
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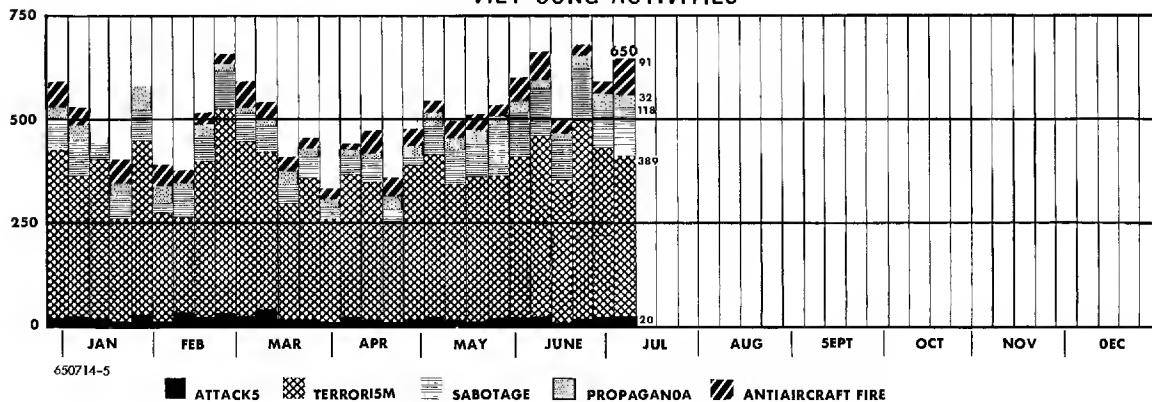
PERSONNEL LOSSES (KILLED IN ACTION, MISSING IN ACTION, CAPTURED)



WEAPONS LOSSES



VIET CONG ACTIVITIES



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